If I Could Only Buy 1 Stock Right Now, This Would Be it

Description

The **TSX Composite Index** started 2023 on a solid note after registering an 8.7% decline in the previous year. The index has already risen 4.3% in January, as investors cheer continued strength in the jobs market and consumer confidence, despite expectations of more interest rate hikes.

Despite these gains, many Canadian high-growth stocks are still trading within the oversold territory and have the potential to stage a spectacular recovery in the coming months. Given that, it could be the right time for long-term investors to buy such seemingly undervalued growth stocks at a big bargain right now.

In this article, I'll talk about one of the best growth stocks in Canada you can consider buying on the Toronto Stock Exchange right now.

One of the best Canadian growth stocks to buy right now

On the one hand, growth stocks are usually considered riskier than dividend-paying, low-volatility stocks. On the other hand, growth stocks can help you get some eye-popping returns on your investments in the long term, which you can't expect from dividend stocks. But whether you're picking a growth or dividend stock, you should always pay attention to the stock's underlying fundamentals before arriving at your final investment decision.

With that in mind, **Aritzia** (TSX:ATZ) could be a great growth stock to buy right now. This Vancouver-headquartered vertically integrated design house and retailer primarily focuses on everyday luxury clothing. It currently has a market cap of $5.3 billion, as its stock trades at $46.16 per share with about 2.5% year-to-date losses. Now, let me give you some key fundamental reasons why it could be a great stock to buy now and hold for the years to come.

Great underlying fundamentals with strong financial growth

In recent years, Aritzia has increased its focus on international market expansion and e-commerce.

These are two key reasons why the company has consistently been beating Bay Street analysts' sales estimates for 11 quarters in a row. In the quarter ended in November 2022, its total revenue rose 37.8% YoY (year over year) to a record $624.6 million, despite facing a difficult global supply chain environment. More importantly, Aritzia's sales in the United States market jumped by a solid 57.8% YoY to $313.5 million, reflecting consistently growing demand for its products in the geographical segment.

Despite its strong double-digit sales growth, the company's adjusted earnings grew by only 9.8% from a year ago to $0.67 per share. Negative factors like inflationary pressures, higher fuel costs, additional warehouse costs, and unfavourable foreign currency movement affected its profitability in the last quarter. These challenges could be the primary reason this Canadian growth stock fell by nearly 10% a day after Aritzia announced its quarterly results earlier this week.

On the positive side, its November quarter adjusted earnings were still stronger than analysts' expectation of $0.64 per share. Moreover, most of the challenges Aritzia has faced in recent quarters, including inflationary pressures and supply chain disruptions, are temporary and should eventually subside in the coming years. Considering that, a sharp recent decline in ATZ share price could be a great opportunity for long-term investors to buy it cheap now for the long term.

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